

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

01-31-07

04:59 PM

In the Matter of the Application of San Diego Gas & Electric Company and Southern California Gas Company for Authority to Integrate Their Gas Transmission Rates, Establish Firm Access Rights, and Provide Off-System Gas Transportation Services

A.04-12-004 (Phase II)

**RESPONSE OF THE
CALIFORNIA MANUFACTURERS & TECHNOLOGY ASSOCIATION
TO SOUTHERN CALIFORNIA GENERATION COALITION
APPLICATION FOR REHEARING**

Keith R. McCrea
SUTHERLAND ASBILL & BRENNAN LLP
1275 Pennsylvania Avenue, N.W.
WASHINGTON, D.C. 20004
keith.mccrea@sablaw.com
(202) 383-0100

*Attorney for the California Manufacturers &
Technology Association*

January 31, 2007

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

In the Matter of the Application of San Diego Gas & Electric Company and Southern California Gas Company for Authority to Integrate Their Gas Transmission Rates, Establish Firm Access Rights, and Provide Off-System Gas Transportation Services

A.04-12-004 (Phase II)

**RESPONSE OF THE
CALIFORNIA MANUFACTURERS & TECHNOLOGY ASSOCIATION
TO SOUTHERN CALIFORNIA GENERATION COALITION
APPLICATION FOR REHEARING**

In accordance with Rule 16.1(d) of the Commission's Rules of Practice and Procedure, the California Manufacturers and Technology Association (CMTA) hereby responds to the "Southern California Generation Coalition Application for Rehearing." CMTA opposes SCGC's application for rehearing and urges the Commission to deny it in all respects.

SCGC's application for rehearing mostly reiterates arguments it previously advanced and that the Commission already considered and rejected. For this reason, there is a little, if any, need to respond to SCGC's arguments in detail. CMTA's response is limited to the contention raised in the SCGC application that "[t]here is no record support for the proposition that a set-aside for noncore customers that hold long-term commitments to upstream capacity would reduce the capacity at the 'most popular receipt points' to 'little, if any,' capacity in Step 3 of the FAR open season" (SCGC Application at 19). It must be noted at the outset that SCGC mischaracterizes Decision 06-12-031 in the foregoing sentence. The Decision states that the electric generator set-aside advocated by SCGC would reduce the amount of capacity available

to end-users at the most popular receipt points, and, little, if any, capacity “would be available to end-users and other market participants *in Steps 2 and 3*” (Decision at 95; emphasis added).

Moreover, this conclusion in the Decision was fully supported by record evidence cited by CMTA in its Opening Comments on the Proposed Decision. Although SCGC reproduces one of the tables attached to CMTA’s Opening Comments, it conveniently omits the citations to the record and to the interstate pipeline customer lists which are publicly available. Table 1 and 2 to CMTA’s Opening Comments are reproduced as an appendix to this response. These tables clearly show that there is record support for the Decision’s conclusion and, second, that there would be little, if any, capacity at the two most popular receipt points (Kramer Junction and Wheeler Ridge) left in Step 2 for other noncore customers. Thus, the Commission was fully justified in concluding that a Step 1 set-aside for EG customers with long-term commitments on interstate pipeline would reduce the capacity available to end-users at the most popular receipt points.

SCGC also argues that the 5-cent reservation charge is arbitrary and that it should be set at zero. CMTA submits that the 5-cent charge clearly is not excessive since it is less than a full cost-of-service charge and is a reasonable starting point until a fully cost-based charge can be adopted in the next BCAP. Moreover, if the Commission were to reconsider the 5-cent charge, the alternative should not be to set the reservation charge at zero but rather to adopt the 15.75 cent charge which is cost-based and is fully supported by the record.

Wherefore, for the foregoing reasons, CMTA respectfully requests that the Commission deny the SCGC application for rehearing in all respects.

Respectfully submitted,



Keith R. McCrea
SUTHERLAND ASBILL & BRENNAN LLP
1275 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
keith.mccrea@sablaw.com
(202) 383-0100
(202) 637-3593 facsimile

*Attorney for the
California Manufacturers &
Technology Association*

January 31, 2007

APPENDIX

Table 1

Impact of EG Set-Aside on Available Step 2 Capacity

<u>Receipt Point</u>	<u>Step 2 Capacity before EG Set-Aside</u>	<u>Potential EG Set-Aside</u>	<u>% Share</u>
	<i>[1]</i>	<i>[2]</i>	
EPN Ehrenberg	428	94	22%
EPN Topock	125	51	40%
TW North Needles	400	0	0%
TW Topock	143	0	0%
QST at North Needles	90	0	0%
KR Kramer Junction	375	386	103%
KR/MP Wheeler Ridge	494	393	80%
Oxy Gosford	113	0	0%
PG&E Kern River Sation	340	13	4%
Line 85	20	0	0%
Coastal	50	0	0%
Total	2,576	937	36%

Notes:

[1] Source: Schweke testimony at Table 2, p. 12.

[2] Interstate pipeline customer lists -- see Table 2.

Table 2

Interstate Pipeline Capacity Holdings of SoCalGas/SDG&E System Electric Generators (MMBtu/d)

Source: November 2006 Interstate Pipeline Customer Lists

<u>Pipeline</u>	<u>Shipper</u>	<u>MDQ</u>	<u>Wheeler Ridge</u>	<u>Kramer Junction</u>	<u>Topock</u>	<u>Mojave</u>	<u>Ehrenberg</u>	<u>Kern River Station</u>
Kern River	Aera Energy LLC	8,750	8,750					
	California Department of Water Resources	85,000	30,000	55,000				
	Calpine Energy Services, L.P.	57,165	23,485	33,680				
	Los Angeles, City of	120,634	86,954	33,680				
	Reliant Energy Services, Inc.	295,000	109,278	185,722				
	Williams Power Company Inc.	142,625	65,000	77,625				
	Total	709,174	323,467	385,707				
El Paso	California Department of Water Resources	15,000			13,692	22,860	15,000	
	Los Angeles, City of	36,552						
	Reliant Energy Services, Inc.	79,337					79,337	
	Texaco Natural Gas Inc.	71,707			29,619	42,088		
	U.S. Borax & Chemical Corporation	19,241			7,208	12,033		
	Total	221,837			50,519	76,981	94,337	
Mojave	Aera Energy LLC	20,000	20,000					
	Los Angeles, City Of	50,000	50,000					
	Total	70,000	70,000					
GTN	City of Burbank	4,770						4,770
	City of Glendale	4,034						4,034
	City of Pasadena	4,034						4,034
	Total	12,838						12,838
California End-Users (excludes Mojave) w/o into Mojave Volumes		1,013,849	393,467	385,707	50,519	76,981	94,337	12,838
		936,868						

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing "Response of the California Manufacturers & Technology Association to Southern California Generation Coalition Application for Rehearing" upon each person designated on the official service list compiled in this proceeding.

Dated at Washington, D.C. this 31st day of January, 2007.

A handwritten signature in cursive script, reading "Jodi Martz".

Jodi Martz

kmccrea@sablaw.com
 douglas.w.rasch@exxonmobil.com
 steve.koerner@elpaso.com
 pesposito@cbcatalysts.com
 Ned.Greenwood@questar.com
 randy.gabe@swgas.com
 andy.bettwy@swgas.com
 bmusich@semprautilities.com
 dgilmore@sempra.com
 dhuard@manatt.com
 rkeen@manatt.com
 nwhang@manatt.com
 npedersen@hanmor.com
 asteele@hanmor.com
 henry.weissmann@mto.com
 akornicks@kernoil.com
 douglass@energyattorney.com
 liddell@energyattorney.com
 klatt@energyattorney.com
 case.admin@sce.com
 douglas.porter@sce.com
 gloria.ing@sce.com
 walker.matthews@sce.com
 amsmith@sempra.com
 wrapp@sempra.com
 wtobin@sempraglobal.com
 snelson@sempra.com
 jleslie@luce.com
 thaddeus_thomson@oxy.com
 marcel@turn.org
 mzafar@semprautilities.com
 mflorio@turn.org
 ek@a-klaw.com
 ek@a-klaw.com
 sls@a-klaw.com
 sdhilton@stoel.com
 astein@whitecase.com
 jkarp@winston.com
 FRL3@pge.com
 kts1@pge.com
 bcragg@gmssr.com
 mday@gmssr.com
 chrishilen@dwt.com
 kts1@pge.com
 mdp5@pge.com
 wbooth@booth-law.com
 patrickm@crossborderenergy.com
 tomb@crossborderenergy.com
 matt@bradylawus.com
 Henry.Nanjo@dgs.ca.gov
 dkk@eslawfirm.com
 glw@eslawfirm.com
 jdh@eslawfirm.com
 egw@a-klaw.com
 Robert.Foss@PPMEnergy.com
 dws@r-c-s-inc.com
 ramage@pwlng.com
 jpower@reliant.com

ralph.dennis@constellation.com
 ghinners@reliant.com
 Kelly.Allen@crosscountryenergy.com
 anita.hart@swgas.com
 robert.pettinato@ladwp.com
 nwhang@manatt.com
 curtis.kebler@gs.com
 raza.lawrence@mto.com
 sendo@ci.pasadena.ca.us
 slins@ci.glendale.ca.us
 bjeider@ci.burbank.ca.us
 roger.pelote@williams.com
 Jairam.gopal@sce.com
 Michael.Alexander@sce.com
 burkee@cts.com
 asullivan@sempra.com
 ygross@sempraglobal.com
 mmilner@coral-energy.com
 centralfiles@semprautilities.com
 ofoote@hkcf-law.com
 ekgrubaugh@iid.com
 bruce.foster@sce.com
 filings@a-klaw.com
 qli@aspenerg.com
 kjbh@pge.com
 lcr0@pge.com
 placourciere@thelenreid.com
 epoole@adplaw.com
 jarmstrong@gmssr.com
 cpuccases@pge.com
 bevin_hong@transcanada.com
 Joe.paul@dynegy.com
 kowalewskia@calpine.com
 ceyap@earthlink.net
 mrw@mrwassoc.com
 e-recipient@caiso.com
 jsanders@caiso.com
 cpucrulings@navigantconsulting.com
 gpickering@navigantconsulting.com
 ahartmann@lspower.com
 mlgillette@duke-energy.com
 karen@klindh.com
 david_white@transcanada.com
 agc@cpuc.ca.gov
 beg@cpuc.ca.gov
 dil@cpuc.ca.gov
 jnm@cpuc.ca.gov
 jsw@cpuc.ca.gov
 jab@cpuc.ca.gov
 alf@cpuc.ca.gov
 kcl@cpuc.ca.gov
 ltc@cpuc.ca.gov
 pzs@cpuc.ca.gov
 rxr@cpuc.ca.gov
 ram@cpuc.ca.gov
 rmp@cpuc.ca.gov
 bwood@energy.state.ca.us
 kglick@energy.state.ca.us